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C E N T R A L I N T E L L I G E N C E A G E N C Y

OFFICE OF NATIONAL ESTIMATES

INTERNAL O/NE ONLY

14 June 1961

REVISED DRAFT

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Chinese Communist Intentions in Southeast Asia

SUMMARY

1. Since December 1960, coincident with Soviet logistic support of the Communist effort in Laos, there has been an increase in Chinese Communist support of this effort and in the Chinese presence in the Laos war. However, we find no evidence -- from any source -- which indicates that the Chinese intend overtly to invade Laos or Southeast Asia in the near future. Barring extreme US or SEATO action which appeared to

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threaten the Communist stake in Laos or North Vietnam, the Chinese Communist threat to Southeast Asia will almost certainly continue to be principally political, psychological, subversive, and para-military in nature.

DISCUSSION

2. Communist China's role in the Laos war has apparently taken various forms. Ammunition from Chinese depots has been captured in Laos from Pathet Lao/Kong Le forces. Peiping, despite its virtually exhausted foreign exchange holdings, made nearly $9 million available to the rebels in January. Foreign Minister Chen Yi pledged aid to Souvanna Phouma in February; on 25 April, a Chinese-Souvanna joint statement expressed the Laotian government's (Souvanna's) thanks to the Chinese for "their generous and selfless assistance," indicated that Souvanna had agreed to diplomatic relations with Peiping, and stated his acceptance of a Chinese offer to build a road in Laos for his government.

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[redacted] Souvanna's commander in Phong Saly

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Province has paid a "friendly visit" to Chinese officials in Yunnan; a return Chinese visit is probable.

3. Meanwhile, the Chinese have made various "intervention" statements in recent months* almost certainly meant to justify a major Chinese military role in Laos if such a course is later decided upon. In addition to this logistic, financial, and political support, the Chinese have probably committed a few military personnel to observer or advisory roles with PL/KL forces in Laos.

4. We have no evidence to indicate a general southward deployment of Chinese military forces in China. We are aware of no augmentation of regularly-stationed Chinese ground forces in the southernmost provinces. Similarly, we are aware of no CCAF bomber units presently stationed within effective combat range of Laos, though redeployment to closer bases could of

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* These threats have been generally ambiguous and have been issued at times when the situation in Laos was such that there appeared little likelihood of their having to be carried out. Additionally, Peiping is tolerating situations, e.g., the remaining KMT irregulars in Burma-Laos, which it earlier said it would not.

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course quickly take place.* CCAF-Soviet-North Vietnamese (DRV) air force relations are not clear. Soviet transport and helicopter aircraft are apparently being transferred to the DRV. We have no firm evidence that jet combat aircraft are being so transferred, and we doubt that the DRV could effectively operate such aircraft within the near future.

5. We do not believe that Communist China's drastic food shortage will impel Peiping to invade Southeast Asia at an early date. The Chinese leaders almost certainly estimate that such action would result in military involvement with the US on a major scale. Apart from their own reluctance to run this risk, the USSR would almost certainly bring strong pressure on them to prevent such a course, partly because of the risks and partly because of the unfavorable effects for Bloc policy elsewhere. The Chinese would find no food surpluses in the DRV, itself currently experiencing severe grain shortages. In view of the possibility of protracted conflict, the Chinese Communists would have no assurance that they could quickly ship the rice surpluses

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of Burma, Thailand, Cambodia, and South Vietnam to China. In any event, these surpluses are now modest, certainly as compared to China's vast food needs, and it would take some time for Peiping to force greatly increased food production from these countries.

6. An overt invasion would be out of character with the trend of Communist China's policies towards Southeast Asia. Despite occasional tough talk, Peiping has gone to great lengths to project the image of its "reasonableness" there, and to this end has pursued a fairly soft course in the past year or so especially towards Burma, Cambodia, and Indonesia. It is probable that Chinese leaders would consider that overt aggression in Southeast Asia would shatter this effort, greatly lessen Asian and African support for Peiping's world status aims, disrupt internal revolutionary movements and Sino-Soviet relations in the Southeast Asian countries, and perhaps drive India fully into the Western camp. Finally, we believe that Peiping's energies are so concentrated on attempting to alleviate its desperate economic situation, by internal means, that it presently has little inclination to assume the additional burdens and risks a military adventure would entail.

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7. In sum, we continue to estimate that the Chinese Communists are unlikely to intervene militarily on a major scale in Laos or Southeast Asia in the near future. The Chinese will probably continue essentially their present actions in the area; there will probably be a resulting increase in the Chinese presence in the Laos war, but almost certainly no displacing of the greater roles being played by the DRV and the USSR. However, the Chinese course might change radically if the US were to intervene militarily in Laos. The Chinese response would be strong if US or SEATO forces moved into Laos to hold the Mekong towns. Peiping's initial response would probably stop short of overt counter-intervention, since DRV troops would prob bly do the invading if a Bloc decision were made to contest the US/SEATO move. Chinese Communist forces would probably be committed in strength only if and when the Communist stake in the area appeared threatened.

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